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May 3, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

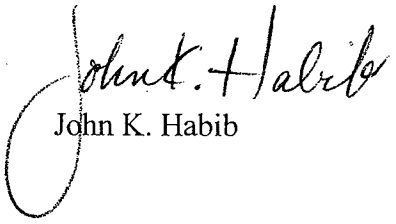
RE: D.T.E. 04-116- Investigation by the Department of Telecommunications and Energy On Its Own Motion Regarding the Service Quality Guidelines Established in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84 (2001)

Dear Secretary Cottrell:

Please find attached the responses of Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, d/b/a NSTAR Electric and NSTAR Gas Company (together with NSTAR Electric, "NSTAR") to the Department of Telecommunications and Energy's First Set of Discovery to All Participants in the above-referenced proceeding.

Please contact me, Cheryl Kimball or Kerry Britland at NSTAR if you have any questions regarding the filing.

Very truly yours,



John K. Habib

Enclosure
cc: Service List
Jody Stiefel
Joseph Rogers, Assistant Attorney General

Information Request DTE-A 1-1

Regarding customer notice and customer service guarantees, please describe the following:

a) the process that would be required (1) to ensure accurate notification of planned interruptions to customers on the affected circuit, and (2) to accurately track and provide a customer credit to all affected customers of record; and

b) any proposed new process to ensure accurate appointment notification, rescheduling appointment, and credit for service appointment service guarantee.

Response

a) NSTAR's process to ensure accurate notification of planned interruptions to customers on an affected circuit is as follows:

If a planned outage is required to safely perform necessary work on the NSTAR Electric distribution system, the Company creates a detailed design that identifies the system devices to be isolated and de-energized. Customers who may be affected by this work are identified by cross-referencing the planned outage design to customer records and a list is generated so that notices may be mailed to customers. The notices mailed to customers outline the anticipated time and duration of the outage and provide contact information. The customer-notification list is maintained for future reference. If a short-notice planned outage is required due to system conditions, telephone calls are placed to potentially affected customers to provide the same information. The Company attempts to reach customers through multiple calls and follow-up calls are placed even after leaving voice mail messages.

The process to accurately track and provide a customer credit to all affected customers of record is as follows: Because NSTAR proactively notifies all customers known and identified to the Company through the planned outage notice procedure, the Company would discover a missed customer notification only after receiving a call from that customer. The Customer Service Representative ("CSR") speaking with the customer cross-references a customer-notification listing for planned outages that is made available to the Call Center for reference purposes. If the customer is not listed on the notification list, the CSR will confirm with electric operations that there was a planned outage that would have affected the customers. If this is confirmed, the Customer Service Guarantee credit process is initiated.

b) To ensure accuracy in rescheduling customer service appointments, NSTAR reviews the status of the scheduled service appointments during each appointment window, i.e., approximately at 10:00 a.m. and 2:00 p.m. each work day. If the Company will not be able to keep a scheduled appointment, a Company representative will contact the customer to reschedule the appointment, explaining the reason for the missed appointment. A process improvement underway within the Company is a technology project to automate the service-work tracking process through the use of a mobile data management system. The Company anticipates rolling out this process in phases in the first quarter of 2006, which will allow service appointments to be routed from the customer systems to a mobile computer in field technician vehicles. Technicians will select, process and complete their service work orders, including customer appointments, via this new system. This technology will improve our process by eliminating paper-based service orders and providing real-time status updates to field offices.

To ensure that the Company provides a $25 customer credit for a missed service appointment once the new technology is in place, the Company will create a new process to capture the customer and service appointment information on an electronic file and will initiate the internal customer service guarantee credit process to on a monthly basis from the information on this file.

Information Request DTE-A 1-2

Regarding standardization of service quality benchmarks, please identify those service quality measures that could be standardized on a state-wide basis.

Explain.

Response

The Department's question refers to the standardization of both service-quality *benchmarks* and service-quality *measures*. As a fundamental matter, NSTAR does not support the adoption of standardized *benchmarks* for any service-quality measures beyond the Gas Odor Call Response metric. The benchmarks set for each performance measure for each company are based on historical data. The historical data reflects a company's performance using its system-specific human resources, information systems and operational configurations. In addition, historical data reflects a company's use of its resources to serve a customer base that is distinct from any other system in terms of its mix of rural, suburban and urban geographic locations, socioeconomic factors, and susceptibility to external factors such as weather, traffic, roadway conditions and other factors. In addition, performance levels for individual measures are oftentimes a result of performance on other measures that are seemingly unrelated. For example, poor SAIDI/SAIFI performance can have an impact on call answering rates. There could be substantial cost and operational ramifications if a standardized benchmark was set for one performance measure and that measure is routinely affected by performance on other measures that remain based on historical performance.

Therefore, if a standardized benchmark is set for all companies, there are two unavoidable consequences that are significant: (1) the standardized benchmark will set a performance level that is higher or lower than a company's historical benchmark, which means that there is a potential that the performance requirements for some companies may be lower than historical performance; and (2) the performance level required by from company will be fully decoupled from the company's inherent resources and capabilities, which means that if the benchmark requires a higher level of performance than historical levels, there could be significant cost and operational ramifications for the company. Therefore, the establishment of standardized benchmarks cannot and should not be attempted without an in-depth company-specific analysis of the cost and operational issues considerations involved in imposing a non-historical performance requirement on a company.

The reason that the Gas Odor Call Response measure is suitable for a standardized benchmark is that the gas companies have a deep and longstanding commitment to

ensuring the safety of their systems, and therefore, their human resources, information systems and operational configurations were historically designed to respond to odor calls as quickly as possible. Therefore, the 95% standard is appropriate for each company based on its own historical performance. This is not true for any other SQ measure. Specifically:

- **Telephone Answering Rates** are a function of equipment, staffing expertise and experience and the number and pattern of calls coming into the system. Therefore, performance levels are a direct result of the type and capabilities of information systems in place at each utility, as well as the training, experience and capabilities of call answering staff. In addition, answering rates are affected by the numbers and patterns of calls to the system, which in turn are a function of system-specific circumstances such as customer demographics, socioeconomic factors and operational performance.

- **Service Appointments Met** are a function of resource availability and geographic density. Meeting service appointments in urban areas requires a different allocation of resources than meeting appointments in rural areas.

- **On-Cycle Meter Reading** is a function of equipment and customer demographics, to some extent. If a company has a higher percentage of customers with meters that can only be read manually or are installed inside the customer premise, then that company must rely to a greater extent on the availability of customers to allow company personnel to enter their property to read meters than other companies with a higher percentage of automatic meters installed throughout their service territory.

- **Lost-Time Work Accidents,** to some extent, are a function of the complexity of maintaining systems in various work environments. For example, maintaining an electric distribution facility located in a dense, urban neighborhood may be more challenging from a safety perspective than maintaining a similar facility located in an open stretch of rural property.

In terms of standardized service-quality *measures*, the Department has already made significant progress in terms of establishing uniform measurement methodologies. Each distribution company in Massachusetts is tracking their respective service quality performance in these categories in a similar manner based on the Department's SQ Guidelines. To some degree, any greater level of standardization of the measures would necessarily implicate the technologies, work processes and staffing of each company and require changes that could have cost and operational ramifications that are significant.

In general, NSTAR supports standardization of performance *measures* to the extent possible without causing significant disruption or cost to the overall SQ program developed by the Department, which has worked well in the past three years.

Information Request DTE-A 1-3

Please refer to the existing Service Quality Guidelines, Attachment 1, at 15-16, where the electric distribution companies are required to report outage information.

a) Comment on whether the required outage information in the Service Quality Guidelines is adequate and correlates to the outage information that local electric distribution companies maintain and use for calculating service quality calculation, including system average interruption duration index ("SAIDI"), system average interruption frequency index ("SAIFI"), customer average interruption frequency index, and momentary average interruption frequency;

b) If the required outage information is not considered adequate, please provide a list of additional outage information that would be necessary to correlate to the outage information used in the service quality calculation.

Response

Referring to the existing Service Quality Guidelines, Attachment 1, at 7-8, please see the table provided as Attachment DTE-A-1-3, comparing definitions and populations of outage information used to calculate SAIFI, SAIDI and CAIDI. Please note that NSTAR Electric does not have technologies capable of capturing data needed to calculate MAIFI, nor do the Department's Guidelines require distribution companies to track MAIFI.

As NSTAR has improved its outage data collection capabilities in recent years, we have moved to a stricter internal method of calculating SAIFI, SAIDI and CAIDI with fewer exclusions and industry-standards for the definition of a sustained outage to assist in customer outage analysis and investment planning, resulting in better reliability and communications.

Attachment DTE-A-1-3

Outage Event	Service Quality Guidelines	NSTAR Internal Measurement Guidelines
Customer equipment outages	exclude	same
Planned outages	exclude	same
Excludable major events	exclude	same
Momentary outages	exclude durations < 1 minute	exclude durations < 5 minutes
Beginning of outages	Earlier of automatic alarm or 1st call	same
End of outages	Point that power to customers is restored	same
Primary distribution	include	same
Non-primary circuit	exclude	include
Partial circuit outages	Record counts of affected customers for interruptions and durations	same
Restoration switching	exclude interruption, include durations	include interruptions and durations
Vandalism	include	exclude

Information Request DTE-A 1-4

Regarding the proposed IEEE Standard 1366-2003, please explain:

a) its level of conformance to the level of minimum performance required under the existing Service Quality Guidelines, i.e., performance level should not be below those levels that existed in 1997 or the existing SAIDI and SAIFI benchmarks;

b) whether this proposed IEEE standard meets the statutory requirement of minimum performance measurements; and

c) whether this standard provides an incentive for local electric distribution companies to avoid minimizing interruption durations once the threshold hits a low point and window for the excludable events increase.

Response

a & b) Conceptually, the proposed IEEE Standard 1366-2003 does not predict or set a specific benchmark level of performance. Because the proposed standard is based on a mathematical construct involving a different set of values, i.e., daily SAIDI values versus percentage of customers interrupted, and always relies on the most recent years' performance versus the baseline, historical performance used to measure changes in performance over time, it is possible to have resulting performance benchmarks at a lower performance level than the current Guidelines dictate. Additionally, because the proposed standard enables exclusions of outages based on the length of the outage, in any given year it would be possible for a distribution company to exclude outage events from reliability calculations that would not have been excludable under the current Guidelines, thereby resulting in a better current year reliability result compared to what would have resulted from calculating SAIFI, SAIDI and CAIDI under the current Guidelines.

c) The proposed standard is based on daily SAIDI values in determining the threshold for when a particular day's outages are excluded or included in reliability measure calculations, versus the current standard based on exclusions for specific events with greater than 15 percent of a company's customers experiencing an outage. SAIDI values result from decisions about restoration processes and resource allocations. A percentage of customers with an interruption is also a result of longer-term factors such as system planning and design, installed plant and investments. Pursuant to the proposed standard, in any given year, excludable major event days could include days when

restorations take longer than normal, which is a function of management decisions involving short-term resources and staffing, rather than factors that are beyond the control of the company, such as weather.